



Newsletter Sections:

Product / Service Highlight: Claims

AIG Events in the Region

MEMSA Newsroom

AIG World

BAHRAIN

MALTA

CYPRUS

OMAN

EGYPT

PAKISTAN

GREECE

SAUDI ARABIA

INDIA

SRI LANKA

KUWAIT

TURKEY

LEBANON

UAE

Issue 8 | May 2007

Message from the RVP - Ziad Kubursi



Over the last 10 months we have introduced the Major Accounts and Corporate Accounts segments to the MEMSA region. The introduction of these two segments was designed to focus our efforts as a company to providing superior service and value to our customers by addressing their concerns in the form of efficient, competitive priced programs with world class claims service and aligning our vision with that of our market.

The major accounts segment will design specific programs for complex risks including corporations with multi national exposures by creating programs that can be managed and controlled from one location. These programs will adhere to local regulatory and legal requirements in each of the locations where the corporation has operations. The Major Accounts segment will manage high volume and complex claims and work closely with this client base to identify trends in an effort to implement loss control measures to facilitate a stronger company-side risk management program.

The corporate account segment will address the high volume middle market segment of business in the region by providing them with simple turn key solutions that provide multi line coverage opportunities and efficient servicing standards to manage the client's expectations. As part of the corporate account segment we will look to develop innovative products to address local exposures or those exposures inherent in specific industries. These competitively priced programs will allow us to provide simple and complete risk management solutions to a segment of the business that typically does not have dedicated risk management resources.

The concept of segmentation has a proven track record throughout the business world. It allows us to focus our efforts on providing the best service, coverage and claims to our clients throughout the MEMSA region and set standards in our drive to be the dominant commercial lines underwriter.

Best regards,

Ziad D. Kubursi
Regional Vice President
AIG MEMSA, Inc.



AIG Events in the Region

Just after his intriguing presentation at the Customer Care Conference that took place on April 25, 2007 in Athens, **Marc Pina**, Vice President Marketing of AIG MEMSA, interviewed by "Customer Management" magazine.

"Generate additional revenue without increasing the marketing budget"

Customer management: How does CRM come into play with the phrase 'insurance is selling a piece of paper and a promise' that was used in your presentation?

Marc Pina: The reference to this phrase was to highlight the intangible nature of the insurance product. So in the context of my presentation, cross-selling insurance in an inbound service call center environment could present a challenge depending on the core product(s) that the partner company is selling.

For example, in the banking environment cross-selling insurance is credible and relevant because insurance is a natural fit as part of the bank's regular suite of products. For FMCG and other non-financial services enterprises it's slightly more challenging but not impossible.



Marc Pina

We have developed customized solutions that make the insurance offer relevant and credible in the eyes of customers of a number of different non-financial services enterprises. AIG contends therefore that most companies with an inbound service call center can use insurance to deepen and strengthen the relationship with their customers and as the title of the presentation stated "help generate additional revenue without increasing the marketing budget".

Customer management: Is it possible to transform any type of service call centre into a service & sales centre or should some basic principles be in place?

Marc Pina: The core function of a service call center is service – even with the model proposed in my presentation this does not change. Any cross-selling activity has to blend with the service function and ensure service standards are not compromised.

However, the fact that your customers are calling you presents an opportunity that goes beyond merely providing service. Why not sell them something else especially to those customers who are satisfied with the company and the service? The benefits in terms of building relationships with your customers, improving retention and loyalty, and generating additional revenue, makes this a compelling opportunity.

Insurance is an ideal product to do this as it fulfills a personal need that most customers will have (there are many insurance needs addressed by various products) and involves a medium to long term commitment from the customer to pay the premiums to keep the policy active. The latter point is important because you create a long term revenue stream that grows over time as insurance penetration of your customer database increases.

Yes, there are maybe some situations (e.g. legal constraints) or industries where establishing insurance cross-selling in the service call center is not suitable but I would think this would be the exception rather than the rule. In the European context regulations have made it difficult to contact customers or prospects through traditional direct marketing channels. However, if customers are calling you there is an opportunity (depending on local regulations) to promote and cross-sell product offers to them. The service call center is the obvious customer touch point for doing this.

Customer management: In your experience, how does proactive customer service in the insurance sector affect revenues?

Marc Pina: Insurance products by design presume a medium to long term relationship with the customer, i.e. we want customers to pay their premiums for a number of years. Not only is this essential for the customer to keep their insurance cover active but for us ongoing premium payment is one of the foundations of the business model.

Consequently, customer service (whether proactive or reactive) is one of the many essential activities that boost retention and reduce attrition and therefore has a positive impact on revenues. AIG has focused a lot in recent years on developing techniques and tactics to improve customer loyalty and increase retention with the concomitant benefit of maintaining and growing revenues. Some of these techniques and tactics could be construed as proactive customer service and in the inbound call center cross-sell model we utilize these with our partners.

Customer management: In Greece, we usually hear from our insurance agent a short while before our next payment is due. Other than the above, the common notion is that Greeks would rather have a face to face discussion before buying over the telephone. How do you plan to overcome these difficulties?

Marc Pina: This perception is not unique to the Greek market. One could say that in any market the majority of consumers would prefer face-to-face contact before buying an insurance product. But there are always customers who are prepared to buy certain products (affordable premiums, easy to understand insurance products) direct.

While they are a minority, in the field of direct marketing this minority is more than sufficient to sustain a profitable business model. Of course, for more complex insurance products face-face selling is the only option. In any type of direct marketing activity, the business model does not require everyone or the majority of customers to buy.

The percentage of customers required to buy direct in order to make it profitable depends on many factors and variables. Also some customer might not buy over the phone but will through the mail or some other direct medium. So offering various direct marketing channels for customers to respond and buy can increase the percentage of "direct" customers.

I always use myself as an example. I have never bought anything through the mail or over the phone but a few years ago I started to buy on the internet. This channel allows me to browse and do product and price comparisons (I'm not an impulse buyer like many direct customers) and therefore I'm comfortable buying certain products direct through this medium.

Customer management: Would you mention some of the criteria involved in generating the list of customers with 'propensity to buy'? Do any of the above apply especially to the Greek market?

Marc Pina: In order to follow a predictive approach in the inbound cross-sell model the host company would need to have existing or invest in systems and software such as a data warehouse, data analysis and data-mining tools, etc. Placed in the right hands these tools and techniques can be used to identify the customers with the highest propensity to buy. In the inbound call center model this information can be provided in real time to the Agent while talking to a customer so that an appropriate product offer can be made.

Many factors influence this analysis, e.g. the insurance product being sold, the target market and products and services offered by the partner company, etc. Various transactional, behavioral, demographic, psychographic, geographic criteria can be analyzed to develop the required predictive models. There are no specific criteria that apply particularly to Greece. Each opportunity is unique and requires you to work through the analysis process to arrive at the criteria that best identifies your potential buyers.

Customer management: Would you find that buying insurance through the internet, through 'strong' web content and social computing, a realistic scenario?

Marc Pina: While sales of insurance through the internet has not become a strong sales channel as yet, we are seeing new developments that are starting to show good results albeit still on a fairly small scale. Internet as a standalone sales medium for insurance has not yet proved that effective (online transactions are still small in number) but in conjunction with other direct marketing media and channels (integrated direct marketing campaigns) we have seen a lift in response through the internet. It is a medium that we should keep on plugging away at and eventually we will reap the rewards from trying new ideas and techniques and constant testing.



Issue 8 | May 2007

Project / Service Highlight - Claims

AIG CLAIMS – OUR COMPETITIVE ADVANTAGE

AIG's foreign general insurance claim departments, which manage all of AIG's business outside the United States, employ 3,500 people located across 85 countries. In 2006, we received 3 million claims worldwide and paid out US\$4.7 billion in indemnities.

The MEMSA division is one of AIG's 14 divisions worldwide. In MEMSA, we have 261 claim professionals who work in 39 claim offices. These offices are located in 13 different countries that run from Malta in the west to Sri Lanka in the east. Last year, the MEMSA claim departments handled 160,000 new claims, managing losses worth US\$180 million.

The claim departments in the MEMSA countries are one of AIG's most important competitive advantages. The chief difference between AIG's claim staff and their counterparts in competitor companies is the fact that our claim employees are specialists in claims, and claims alone. This entails a significant investment in training. In our company in India, for example, all new entrants receive two weeks' classroom training before they are allowed to handle a claim.

Another differentiating factor of AIG claim departments is that they are directly involved in the management of their claims. While we depend on adjusters, surveyors, and attorneys for assistance in the investigation and analysis of claims, we always make sure that our adjusters and attorneys follow our instructions and move each pending case toward a speedy resolution.

All AIG claim departments work according to a set of strict service standards. Our goal is to confirm receipt of the claim within one working day, and in motor claims we manage to inspect the damage to the policyholder's car the next working day after the loss report. AIG's financial strength allows us to promise payments to policyholders within a maximum of five days of the receipt of the final claim documentation. In many cases, for example with accident & health claims in Turkey and India, we are paying claims within 48 hours.

Our philosophy toward claims is summarized in the one motto we repeat to our claim employees every day: "the best claim is a closed claim". We believe solving our policyholders' problems quickly and fairly is the reason we are in business.

MEMSA Newsroom (see articles below)

Tata AIG General Insurance launches “Domestic TravInsure”- a unique domestic travel insurance policy for SpiceJet passengers -[Click here](#)

[Qatar: ALICO AIG Life partners with QFC](#)

[UAE: Takaful Re reports 400% growth in premiums in Q1](#)

[UAE: Task Force to be set up for insurance industry](#)

[Saudi Arabia: Listing plans by seven insurance firms](#)

[Greece: Citibank loans for natural gas installations](#)

[UAE: Saadiq Visa Gold Credit Card released by StanChart](#)

[Turkey: Total assets of Islamic banks to reach TnL 19bn](#)

[Greece: Authorities seize 5.3 tonnes of unsafe food](#)

[Greece: Fiat ordered recall on 128 Ducato 2.0 JTD cars](#)

[Greece: Inspectors seized 15 tonnes of unfit food](#)

Qatar: ALICO AIG Life partners with QFC

AME Info, 30 Apr 2007, :-

A license has been awarded to American Life Insurance Co (ALICO) - AIG Life (ALICO AIG Life) to carry out its group insurance business from the Qatar Financial Centre (QFC) that is situated in Doha. Application will also be made by ALICO AIG Life for extension of its license for conducting individual and retail operations from and in the QFC, which is a business and financial centre, once the retail regime of QFC is ready. ALICO AIG Life is a member firm of US-based American International Group Inc (AIG).

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[Link to original article](#) in English.

[Back to Top](#)

UAE: Takaful Re reports 400% growth in premiums in Q1

Insurance Day, 16 May 2007, p.8:-

Takaful Re, which is based in Dubai and owned by Arab Insurance Group (ARIG), has reported a 400% increase in gross written premiums in the first quarter. Premiums increased to US\$ 9.2mn (EUR 6.8mn) while profit increased from US\$ 500,000 in the same period in 2006 to US\$ 1.3mn, a 260% increase. The company, which specialises in property, marine and engineering insurance, attributed the increase to strong demand in North Africa and the Middle East, which was achieved despite a conservative underwriting policy and fierce competition in takaful markets.

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[Back to Top](#)

UAE: Task Force to be set up for insurance industry

AME Info, 21 May 2007, :-

In the United Arab Emirates (UAE), a regional initiative has been unveiled by Hawkamah Institute for Corporate Governance (HICG) and Arab Forum of Insurance Regulatory Commissions (AFIRC). The initiative includes the setting up of a Task Force in April 2007, with a target to develop a corporate governance framework for the region's insurance industry and to bring together the regulators and the insurance industry. The Task Force will develop guidelines for the insurance sector, develop insurance policy including takaful and conventional insurance, and set up corporate governance capacity.

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[Back to Top](#)

Saudi Arabia: Listing plans by seven insurance firms

Khaleej Times, 19 May 2007, :-

In Saudi Arabia, a total of SR 354.4mn (US\$ 94.49mn EUR 69.8mn) are expected to be raised by seven local insurance firms via their own initial public offerings (IPOs), expected to kick off from 19 May 2007. The firms include Al Ahli Takaful, which will issue 2.65mn shares or 26.45% stake as well as Gulf Union Cooperative Insurance Co and Sanad for Cooperative Insurance that are set to issue 8.8mn shares or 40% and 8mn shares or 40% stake respectively.

Meanwhile, Allied Cooperative Insurance Group, Al-Ahlia Insurance, Saudi Indian Cooperative Insurance and Saudi Arabian Cooperative Insurance will each offer 40% stake, representing 4mn shares. All shares will be sold at SR 10 each. The IPO will be closed on 28 May 2007.

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[Back to Top](#)

Greece: Citibank loans for natural gas installations

Imerisia, 16 May 2007, :-

Citibank of Greece, in partnership with the natural gas supplier EKO Fisiko Aerio, has launched a new loan that has been especially designed as a helping hand to Athenians wishing to install a natural gas supply network to their household. The loan has a fixed rate that starts from 3.25% and can go up to 6.50%, while consumers can borrow up to EUR 10,000 (US\$ 13,410.04) and repay the loan within a 60 month period. The loan is available to consumers that want to replace their petrol powered central heating system with natural gas, and for that purpose only. Natural gas is a more friendly source of energy towards the environment, while is also about 20% cheaper than fuel.

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[Back to Top](#)

UAE: Saadiq Visa Gold Credit Card released by StanChart

Trade Arabia, 14 May 2007, :-

A new Shariah-compliant credit card, known as Saadiq Visa Gold Credit Card, has been rolled out by Standard Chartered Bank (StanChart) in the United Arab Emirates (UAE) to mark the introduction of its worldwide Islamic banking business brand, dubbed Saadiq. The card features Ujah-based fixed-fee structure for a flexible payment of fixed maintenance fee each month apart from international acceptance and recognition.

The new product comes with a service account and offers a zero-interest card. The bank will offer the card across its network soon. The credit card is an exclusive loyalty and rewards scheme providing travel privileges like discounts on air tickets, an Islamic travel protection and Auto Assist services as well as a complimentary voucher for Marhaba services. Saadiq Visa Gold Credit Card is the maiden global Islamic credit card of StanChart.

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[Back to Top](#)

Turkey: Total assets of Islamic banks to reach TnL 19bn

Reporter, 22 May 2007, :-

The head of the Union of Turkish Islamic Lenders estimated that the total assets of Islamic banks in Turkey will reach TnL 19bn (US\$ 14.25bn EUR 10.52bn) by the end of 2007, up from TnL 13.7bn in 2006. Albaraka Turk, Bank Asya, Kuveyt Turk and Turkiye Finans are the interest-free banks in Turkey. Bank Asya is the leading Islamic bank with TnL 4.2bn assets, followed by Turkiye Finans with TnL 4.1bn.

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Greece: Authorities seize 5.3 tonnes of unsafe food

Kathimerini, 18 May 2007, :-

A total of 5.3 tonnes of food that was classified as unfit for human consumption has been confiscated by Athens' prefectural authorities, during checks that were carried out by its food and health and safety inspectors on several local food companies such as butchers, supermarkets, and bakeries. Meanwhile, Athens' authorities have launched legal proceedings against 61 food businesses, for violating food health and safety regulations, issuing fines totaling EUR 20,400 (US\$ 27,356.48).

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[Back to Top](#)

Greece: Fiat ordered recall on 128 Ducato 2.0 JTD cars

Naftemporiki, 03 May 2007,:-

Fiat Auto Hellas (the exclusive representative of Fiat, Lancia, and Alfa Romeo motors in Greece) has ordered the recall of 128 Fiat Ducato 2.0 JTD (from 7000022 to 7574570) due to a mechanical fault in production. Although no accidents have been recorder due to the specific fault so far, Fiat Auto Hellas will notify the owners of the 128 vehicles in witting to suggest they take their car into their nearest Fiat dealership for a free of charge service and replacement of the faulty part, the EGR valve.

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[Back to Top](#)

Greece: Inspectors seized 15 tonnes of unfit food

Kathimerini, 24 Apr 2007,:-

A total of 15 tonnes of meat and vegetables were confiscated by Piraeus' prefectural authorities, in Greece, after its inspectors found that the products had passed their expiry date, therefore were classified as unfit for human consumption. The products were found in the Rendi food market, in southern Athens, and some of them had a 2005 expiry date.

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[Back to Top](#)



Issue 8 | May 2007

AIG World

1. AIG PRESIDENT AND CHIEF EXECUTIVE OFFICER MARTIN J. SULLIVAN TO SPEAK AT SANFORD C. BERNSTEIN & CO. STRATEGIC DECISIONS CONFERENCE ON MAY 30, 2007 [Click here](#)
2. AIG INCREASES QUARTERLY CASH DIVIDEND ON COMMON STOCK BY 21 PERCENT [Click here](#)
3. AMERICAN INTERNATIONAL GROUP, INC. TO ACQUIRE PUBLICLY HELD SHARES OF 21ST CENTURY INSURANCE GROUP [Click here](#)
4. AIG REPORTS 1ST QUARTER 2007 RESULTS [Click here](#)
5. AIG NAMES ANDREW J. KASLOW SENIOR VICE PRESIDENT AND CHIEF HUMAN RESOURCES OFFICER [Click here](#)
6. JOYCE A. PHILLIPS TO JOIN AIG'S AMERICAN LIFE INSURANCE COMPANY AS PRESIDENT AND CHIEF OPERATING OFFICER [Click here](#)